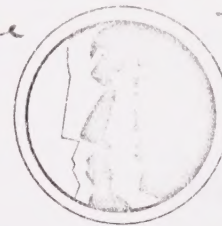


Call + Eve: Review the document. Housing Advisory + Appeals Board  
members are coming to my house to talk to us December 29,  
8pm. Please, if you can, plan to be there.

CITY OF BERKELEY



Glenn

CITY MANAGER'S OFFICE  
2134 GROVE STREET

BERKELEY, CALIFORNIA

(415) 644-6580  
94704

FOR COUNCIL INFORMATION

December 16, 1975

To the Honorable Mayor and  
Members of the City Council

Subject: RESIDENTIAL RENTAL INSPECTION PROGRAM ACTION PLAN

Attachments: Residential Rental Inspection Program Proposed Action Plan

The Residential Rental Inspection Program has been under consideration by Council since 1973. One of Council's most recent actions with respect to the program (November 4, 1975) was to instruct the City Manager to return to Council with a detailed action plan for the program no later than December 31, 1975.

The attached report prepared by the Housing and Development Department responds to the Council request of November 4, 1975. The Action Plan proposes that the Residential Rental Inspection Program be implemented in three phases:

- Phase I - December, 1975 to December, 1978;
- Phase II - January, 1979 to December 1980; and
- Phase III - January, 1981

The plan covers the following topics:

- Designation of a Demonstration District
- Enforcement Procedures
- Hardship Criteria
- Related Services
- Reporting

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The Housing Advisory and Appeals Board (HAAB) will consider the plan at its January 5, 1976, meeting, after which the Action Plan along with the HAAB recommendations will be returned to Council for action.

John L. Taylor  
City Manager

83 00766

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CITY OF BERKELEY  
RESIDENTIAL RENTAL INSPECTION PROGRAM  
PROPOSED ACTION PLAN

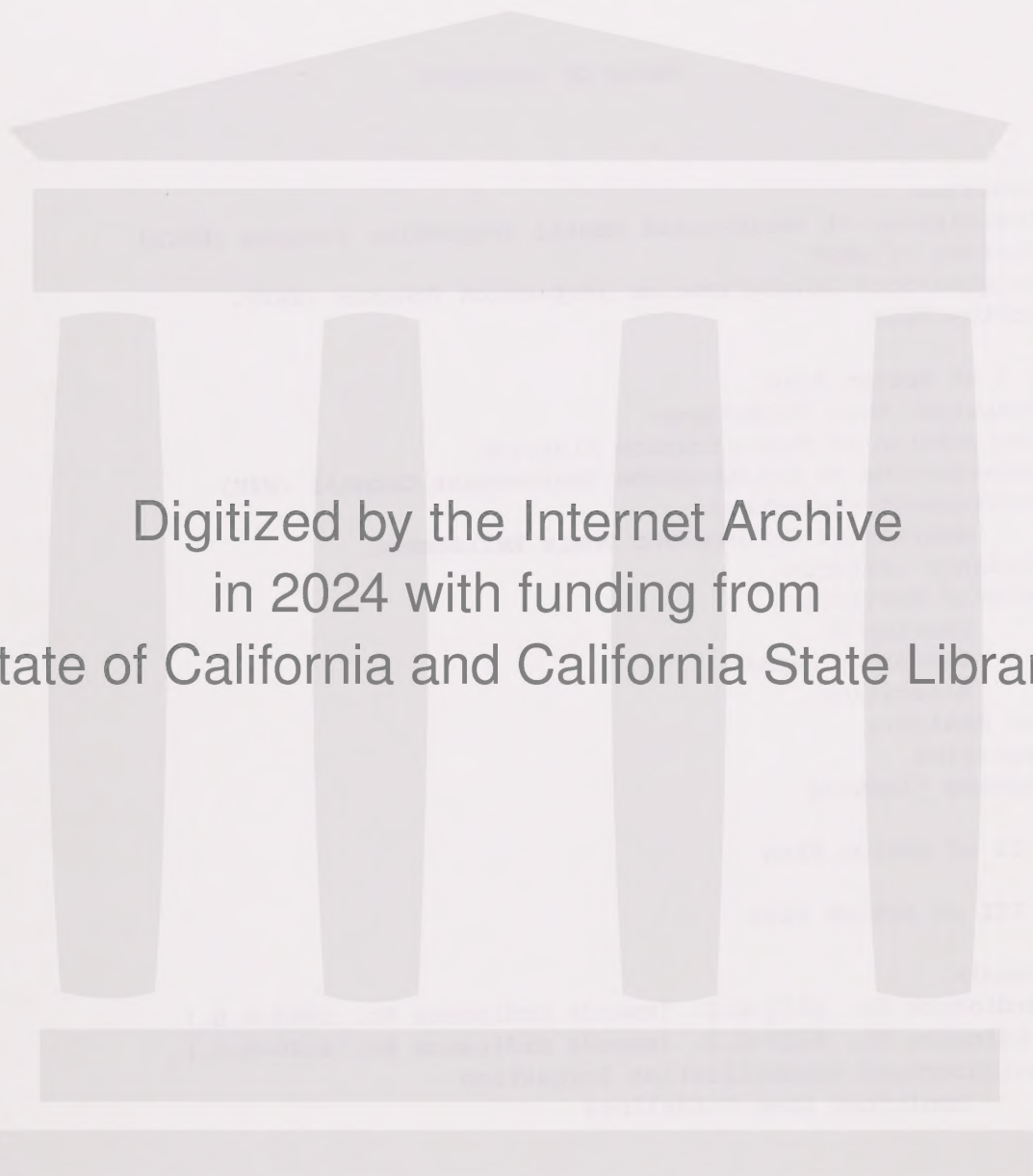
Housing and Development  
Department  
December, 1975



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## I. Introduction

### A. Description of Residential Rental Inspection Program

The City of Berkeley's Residential Rental Inspection Program (RRIP) is a comprehensive approach to codes inspection and compliance for all rental structures within the City. The RRIP de-emphasizes the policing power inherent in code enforcement and focuses on a service-oriented approach. As approved by Council, the RRIP includes the following elements:

- Periodic inspection of residential rental units and hotels of six or more rooms.
- Phased implementation of the Program on a district by district basis.
- Classification of structures according to degree of deterioration into one, three and five-year inspection cycles.
- Classification of code violations according to degree of hazard with priority accorded to conditions which pose an immediate threat to human life, health and safety.
- Postponement of correction of violations which are not immediately hazardous if either owner or tenant qualifies for a hardship designation.
- Coordination with financial and technical assistance programs.
- Participation on the part of the Housing Advisory and Appeals Board (HAAB) in regard to hearing appeals, advising the Council and monitoring code enforcement procedures.
- Semi-annual reports to the Council and the HAAB.

To provide for flexible code enforcement, Council set the following priorities:

- Hazardous Code Violations (Category A)  
Category A violations are defined as hazards which pose a clear and present danger to the life, health and safety of human beings. All owners of residential rentals are required to correct hazardous violations. Typical Category A violations include: leaking gas line or meters, broken waste line or sewer line spewing sewage, fixtures and outlets broken or improperly supported, electrical wiring dangerously exposed, gas appliances with cracked or broken combustion chambers. Other code violations may be classified as Category A depending on the degree of hazard.
- Incipiently Hazardous Code Violations (Category B)  
Category B violations are defined as conditions which are not presently hazardous to human life, health or safety, but which





may become dangerous or which may result in dilapidation of the building if allowed to deteriorate. With the exception of those cases in which compliance would exert hardship on owners or tenants, all owners are required to correct Category B violations. Typical examples include: deteriorated roof, defective lights and switches, loose or cracked stair treads.

- Other Code Violations (Category C)  
Category C violations are conditions which are minor violations of the Housing Code and largely relate to preventive maintenance. This category includes: worn bathroom floor covering, missing tile grouting, siding in contact with soil. The hardship exceptions applicable to Category B violations apply to Category C as well.
- Rehabilitation and General Improvement Recommendations (Category D)  
Category D recommendations concern conditions which are not in violation of the Housing Code but which if corrected, would both improve and conserve the housing stock. The recommendations are intended as a service to the occupants and the owner in pointing out ways to improve the building's usefulness and extend its life. Because Category D conditions are not violations, compliance is not required. Typical Category D conditions include: room additions, remodeling, upgrading electric service from 30 to 100 amps.

In setting forth the program, Council also stipulated the following criteria for designating hardship cases:

- A tenant will be considered a hardship case if he is paying an excessive amount of his income for rent. This will be determined on an individual basis and will be based on a rent/income ratio to be established by the Department of Housing and Development in conjunction with the HAAB. Staff will investigate Section 8 guidelines, relocation practices and Department of Labor standards before determining a specific rent/income ratio to be included in a detailed action plan submitted before the commencement of field operations.
- A landlord will be considered a hardship case if he is unable to secure a loan for rehabilitation due to:
  - a. inability to meet credit requirements
  - b. inability to service debt
  - c. low income
  - d. unavailability of municipal loans

All violations that are immediately hazardous (Category A), as defined above, must be corrected, regardless of hardship. However, if either a landlord or a tenant qualifies as a hardship case, correction of Category B and C violations may be deferred until such time as correction would no longer create hardship, i.e., the property is sold, financial assistance becomes available, or conditions change. The



property will be inspected annually to determine if conditions have deteriorated to the point of being hazardous. Both landlords and tenants may appeal the designation of the hardship category to the HAAB.

The establishment of the Residential Rental Inspection Program (RRIP) represents the City's recognition that to do nothing in the area of code enforcement is to deny the reality of the housing needs of its renter households. The RRIP will be phased in slowly, replacing the City's current Multi-Residential Program and will not be fully operational until after five years.

B. History of Residential Rental Inspection Program (RRIP)

In October, 1973, the City Council adopted Resolution No. 46,136 in support of a Residential Rental Inspection Program. A proposed ordinance to establish the program was considered by the Council on November 27, 1973; but because the question of economic hardship was raised, the Ordinance was not adopted. On June 11, 1974, Council considered a City Manager's information report which discussed operational aspects of the program and addressed the problem of hardship. This report also proposed a flexible enforcement program. Council referred this report to the Housing Committee of the Planning Commission and to the Housing Advisory and Appeals Board (HAAB) for review.

In November, 1974, the Housing Committee recommended that the inspection program become operational only in the context of a comprehensive housing conservation program. In March, 1975, the Housing Advisory and Appeals Board recommended the flexible enforcement plan and hardship category be revised. At the Council meeting of March 18, 1975, the Council considered and approved the recommendations of the HAAB and directed the City Manager to revise the program accordingly and to prepare amendments to Ordinances 3963 and 4646 to establish the program (copies of Ordinances attached).

On June 10, 1975 the revisions to the Residential Rental Inspection Program and amendments to Ordinances 3963 and 4646 were submitted for Council action along with a HAAB report recommending adoption. No action was taken; however, at a September 16, 1975, Council workshop which considered several proposed housing programs, Council again referred the Residential Rental Inspection Program to the HAAB for review.

In a report for Council Action dated October 28, 1975, the HAAB recommended that the Council adopt the recommendations contained in the June 10, 1975, Report from the City Manager and the June 10, 1975, Report from the Housing Advisory and Appeals Board.

Council, in its meeting of November 4, 1975, adopted the Residential Rental Inspection Program as described above, held its first reading of the ordinances and instructed the City Manager to return to the City Council with a detailed action plan for implementation of the program no later than December 31, 1975. The City Manager was also instructed to include a report which addressed itself to all facets of enforcement of this plan. The second reading of the Ordinances occurred on November 11, 1975.





### C. Neighborhood Rehabilitation Inspection Program

In addition to actions with respect to the Residential Rental Inspection Program, on March 18, 1975, Council approved the Neighborhood Rehabilitation Inspection Program of the Community Development Application. The Neighborhood Rehabilitation Inspection Program, the first phase of the RRIP, is a three-year demonstration project designed to test the City's ability to implement a systematic code inspection program utilizing a service-oriented approach. During this first phase, many of the concepts of RRIP, such as the appeals procedure, hardship criteria, and enforcement procedures will be refined, the program will be tested in one small area of the City, and sample surveys will be conducted throughout the City to establish a better data base on rental structures and residents.

### D. Action Plan

The following action plan establishes the timetable and guidelines under which the RRIP will be implemented. The RRIP Action Plan contains three major phases, each of which is designed to establish RRIP as a Citywide program and in turn phase out the City's current less thorough Multi-Residential Inspection Program.

Phase I (December, 1975 - December, 1978) is the Neighborhood Rehabilitation Inspection Program. Phase II (January, 1979 - December, 1980) is a refinement of the program's concepts and approaches identified in Phase I and an expansion of the program to include single family and duplex residential rental structures. During this phase, work will begin on the phasing in of the City's established inspection districts. Phase III (January, 1981) will establish RRIP Citywide.

## II. Phase I of Action Plan: December, 1975 to December, 1978

As previously mentioned, Phase I of RRIP is the Neighborhood Rehabilitation Inspection Program (NRIP). In addition to testing the concepts of RRIP by implementing the project in one small area, there will also be ongoing planning to refine the program. The anticipated end product of this action-research program is an effective codes system which will improve the rental housing stock yet operate to the benefit of both tenants and landlords.

*what is  
in conflict*

### Neighborhood Rehabilitation Inspection

The following are the major elements of the Neighborhood Rehabilitation Inspection Program:

- Development of Municipal Loan Guidelines
- Preliminary data analysis, classification of properties and designation of demonstration district;
- Establishment of Neighborhood Improvement Committee;
- Establishment of Enforcement Procedures;
- Establishment of Hardship Criteria;
- Coordination with Support Services;
- Analysis of Fees; and
- Development of report mechanism



#### A. Municipal Loan Guidelines

This step in the Action Plan has already been accomplished. In the Council meeting of November 4, 1975, the Municipal Loan Guidelines for the Neighborhood Rehabilitation Inspection Program were adopted as amended by the Housing Advisory and Appeals Board and the Council (copy attached).

\$325,000 of the first-year Community Development Block Grant funds have been designated for use as loans in the NRIP. The Guidelines provide for loaning funds to owners who are unable to secure needed property improvement funds through other sources. Loans will be granted to eligible borrowers who are willing to sign an agreement not to pass on in the form of rents or other charges more than the total cost of loan interest payments and property tax increases resulting from the rehabilitation. In addition to the property being located in the demonstration area, an eligible property must be in need of repair to cure hazards and/or code violations. The maximum loan amount for this program is \$10,000 per unit, and \$50,000 per property. The interest rate is a flat rate amounting to the City's current borrowing rate plus one percent.

#### B. Designation of Demonstration District

In 1973 a Multi-Unit Residential Survey was conducted by the Inspection Services Department. At the present time this survey is the only source of information on the conditions of multi-unit structures. The survey analyzed the concentration and condition of multi-unit structures with three or more units and structures containing six or more rooms. The structures were then classified according to conditions into the following reinspection timetables:

- One Year Reinspection: structures having code violations
- Three Year Reinspection: structures in need of rehabilitation
- Five Year Reinspection: no work needed

An analysis of the survey showed that fourteen (14) census tracts contained 100 or more residential structures with three or more units or six or more rooms. Additionally, ten of these census tracts had a high incidence of code violations. The City was then divided into districts which had a balance between the number of total structures and code violations in each census tracts. The districts are as follows (see Map I):

- District I (Census Tract (CT) 11-16,18,19)
- District II (CT 17)
- District III (CT 20,21,32)
- District IV (CT 22)
- District V (CT 23)
- District VI (CT 24)
- District VII (CT 25)





- District VIII (CT 26,29)
- District IX (CT 27,28)
- District X (CT 30)
- District XI (CT 31,33)
- District XII (CT 34)
- District XIII (CT 35)
- District XIV (CT 36)
- District XV (CT 37,38)
- District XVI (CT 39)
- District XVII (CT 40)

These districts were further examined to see which would provide the most ideal area to implement the Neighborhood Rehabilitation Inspection Program (NRIP). Because the NRIP is a demonstration project and will be testing many new concepts over a three-year period with the results of the program being used as the basis for the RRIP, the program should be implemented in an area which is representative of the City and has the following criteria:

- a good mix of structure types,
- a good mix of structures per inspection cycle,
- a significant proportion of rental structures,
- a manageable size (defined in terms of number of structures and density), and
- an income range that can support a test program

In order to develop a profile of the districts in light of these criteria, each district was examined for the incidence of the following indicators:

- a good mix of structure types
  1. Those districts with greater than or equal to 35% of their multi-residential rental structures in the one-year inspection cycle.  
 The Multi-Residential Survey showed 35% of the structures surveyed were classified into the one-year reinspection cycle. Areas with more than 35% of their structures in this cycle indicate a higher than normal occurrence of code violations.
  2. Those districts with greater than or equal to 23% of the multi-residential rental structures in the three-year inspection cycle.  
 Same reasoning as for 1; 23% is the norm as indicated by the Multi-Residential Survey
- a good mix of structures per inspection cycle
  3. Structures in the one-year inspection cycle having between 24 and 34% 3-unit structures and between 43 and 53% 4-5-6 unit structures.  
 The Multi-Residential Survey showed that the majority of the City's multi-residential units are in the 3-unit category and 4-5-6 unit category. Of all of the units surveyed and classified into the one-year cycle, 29% were 3-unit structures

*Why typical  
is criterion?  
a*



and 48% were 4-5-6 unit structures. To insure that the structure types contained in each inspection cycle were representative of the City in general, a factor of  $\pm 5\%$  was added to the per district norms to create a range.

4. Structures in the three-year inspection cycle having between 16 and 26% 3-unit structures and 43 and 53% 4-5-6 unit structures.

Same reasoning as in 3; the district norms were 21% for 3-unit structures and 48% for 4-5-6 unit structures.

- a significant proportion of rental structures

5. The percent of multi-residential structures of the total number of structures within a district greater than or equal to 11%.

11% is the City's norm per district for the total number of rental structures (2,775 as indicated in the Multi-Unit Survey) compared to the total number of residential structures (25,997 as indicated in the Berkeley Housing Stock Report). Since the NRIP and RRIP have emphasis on rental structures, areas with a percentage of structures greater than or equal to 11% are significant.

6. Renter concentration between 60-70%

The census indicated that 65% of the City's units are renter occupied. A factor of  $\pm 5\%$  was added to the 65% to create a range and to determine the areas most representative of the City as a whole.

- a manageable size

7. Districts with household sizes of 2.1 to 2.5 persons

According to the 1970 Census any occupied dwelling unit is considered a household. The City norm per district is 2.3 persons per household. This indicates the density and household size in the districts. A factor of  $\pm .2$  was added to the norm to establish a range. This allowed for a  $\pm 5\%$  variance in census data tabulation.

8. Net residential density greater than or equal to 39 persons per net residential acre

From the census it was determined that the City's net residential density is 39 persons per net residential acre. A residential acre is all land used in the City devoted to residential use minus the streets. It indicates the degree of population density/concentration. Areas having higher population densities are also areas with a higher concentration of multi-unit structures.

*why not  
units rather  
than structures?*





- an income range that can support a test program

9. An income range of \$9,000 to \$15,000

*unsubsidized household or family?*  
The median income for Berkeley is approximately \$12,000. A household whose income is 20% below the median or approximately \$9,000 would be eligible for Section 8 and considered as a lower income household. Because the NRIP is interested in testing the effects of rents on higher income households also, the upper limit of \$15,000 or approximately 20% above the City's median was established.

10. Greater than or equal to 50% of the households in a district paying more than 25% of their income for rent

*why is it found that the census uses 25% as an indicator of the cost of housing in an area. In Berkeley more than 50% of the renter households pay in excess of 25% of their income for rent.*  
The census uses 25% of income for rent as an indicator of the cost of housing in an area. In Berkeley more than 50% of the renter households pay in excess of 25% of their income for rent.

*why is it found that the census uses 25% as an indicator of the cost of housing in an area. In Berkeley more than 50% of the renter households pay in excess of 25% of their income for rent.*  
The occurrence of the above indicators for each district is summarized in Table 1. District IV had the highest incidence, 7, of these indicators. Districts V, IX, X, XII, XIV, XVI, and XVII all had 6 incidences, and Districts VII and XIII had 5 incidences (see Table 2).

These results were then contrasted with the results of the Condition Survey Study, which is part of the Comprehensive Report on Housing Conservation (see Table 3). The Condition Survey Study examined the structural conditions, including foundation, plumbing and electrical deficiencies; average cost of repair per structure; and ratio of cost of repairs to floor area of 1861 structures surveyed in the Building Condition Survey of 1973. The Condition Survey Study showed that the North/Central and South/West areas were the most in need of some rehabilitation effort (see Map 2).

In light of these analyses, District IV is the area recommended for implementing the NRIP. In addition to being located in the North/Central area, one of the two areas most in need of rehabilitation; this district also had the highest occurrence of the indicators. Additionally, since this district is to the South of the West Berkeley Pilot area, it would benefit from other ongoing City activities and demonstrate a continuity of effort. District IV has 951 residential structures of which 124 are multi-unit structures.



DISTRICT I (11-16,18,19)  
DISTRICT II (17)  
DISTRICT III (20,21,32)  
DISTRICT IV ( 22)  
DISTRICT V (23)  
DISTRICT VI (24)  
DISTRICT VII (25)  
DISTRICT VIII (26,29)  
DISTRICT IX (27,28)  
DISTRICT X (30)  
DISTRICT XI (31,33)  
DISTRICT XII (34)  
DISTRICT XIII✓(35)  
DISTRICT XIV (36)  
DISTRICT XV (37,38)  
DISTRICT XVI (39)  
DISTRICT XVII (40)







BERKLEY  
ALAMEDA COUNTY  
CALIFORNIA





TABLE I  
OCCURRENCE OF INDICATORS PER INSPECTION DISTRICT

INDICATORS PER DISTRICT	INSPECTION DISTRICTS																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
. One Year Cycle - Multi-Unit Structure/District 35%			X	X	X	X		X	X				X	X		X	X
. Three Year Cycle Multi-Unit Structure/Dist. 23%			X				X		X	X		X	X		X	X	X
. Structures in 1 Year cycle having 24-34% 3 Units and 43-53% 4-5-6 Units			X	X													X
. Structures in 3 Year cycle having 16-26% 3 Units 2-59% 4-5-6 Units										X				X	X		
. % of Multi-Unit Structures/Total Structures per district $\geq 11\%$		X		X	X	X	X	X	X	X			X	X		X	X
. Renter Concentration between 60% and 70%				X								X					
. Household Size .1 to 2.5 People				X	X					X	X	X	X		X		
. Residential Density $\geq 39$ persons per Net Residential acre		X	X		X	X	X	X	X	X	X	X	X	X		X	X
. Income Range \$9,000 to \$15,000		X		X	X		X		X		X			X		X	
. >50% of Households Pay- ing >25% of their Income in rent				X	X	X	X	X	X	X		X	X	X	X	X	X
TOTALS	0	3	4	7	6	4	5	4	6	6	3	5	6	6	4	6	6



TABLE 2

FREQUENCY DISTRIBUTION OF DISTRICTS  
IN RANK ORDER

RANK (Frequency)	DISTRICTS
1 (7)	IV
2 (6)	V, IX, X XIII, XIV, XVI, XVII
3 (5)	VII, XII
4 (4)	III, VI, VIII, XV
5 (3)	II, XI
6 (0)	I





TABLE 3

LISTING OF DISTRICTS PER AREA IDENTIFIED  
IN THE COMPREHENSIVE REPORT ON HOUSING CONSERVATION

AREAS	DISTRICTS
North Central	IV, V, X, II, XI
South West	XII, XIII, XVI, XVII, III
Campus	IX, XIV, VII, VI VIII



C. Organization of Neighborhood Improvement Council

Once the City Council has designated a demonstration district, the residents of that district will be organized into a formal Neighborhood Improvement Committee (NIC) and apprised of the program scope and services to be offered. The NIC will function in a role comparable to that of existing NIC's in the Pilot Rehabilitation areas and as a liaison between the staff and community. One of their first tasks will be an assessment of public improvements and development of a modest public improvements plan for possible funding through the second-year Community Development Block Grant.

D. Enforcement Procedures

*Previously detailed description of the NIC.*

Civil enforcement procedures are proposed for the Neighborhood Rehabilitation Inspection Program. Staff will seek compliance using the following procedure:

After the property survey has been conducted, both the owner and the tenants will receive a notification from staff as to the deficiencies in the property. The deficiencies will be classified according to those which are immediately hazardous, code violations, and rehabilitation work. When any immediately hazardous deficiencies are cited, the owner will receive a notice from the department via certified mail apprising him that the deficiencies must be corrected within 15 days. The notice will apprise the owner of his possible eligibility for financial assistance through the Emergency Repair Project and request that he make the staff aware of his plans to repair the immediately hazardous conditions within 48 hours.

If the owner fails to respond within the 48-hour period, the Rehab Counselor will attempt to contact the owner. Also a second notification setting up an office hearing will be mailed to the owner via certified mail. The office hearing will be set for the fourth working day after the date of the notice. Should the owner fail to appear for the office hearing, a second office hearing will be set.

If the owner fails to comply with the office hearing requirements and/or indicates his refusal to repair the immediately hazardous conditions, the Director of the Housing and Development Department will cause the repairs to be made on the property and have a tax lien placed against the property.

For non-hazardous code violations, the owner will have a 30-day period in which to contact staff and indicate his plans for correcting the deficiencies. During this 30-day period, the Rehab Counselor will also make attempts to contact the owner regarding the deficiencies.

In the event there is no contact from the owner during the 30-day period, a second notification of the deficiencies will be mailed to the owner by certified mail. This will be the Department's formal notice that the property is in violation of certain sections of the Housing Code. The owner will also be given another 30-day period in which to respond. If after the first 15 days, there has been no re-





sponse from the owner, the property will be referred to the Neighborhood Improvement Committee for its information. The Neighborhood Improvement Committee will be requested to contact the owner, apprise him of the deficiencies, and enlist his cooperation. The second notification to the owner will also apprise him of the right to appeal to the Housing Advisory and Appeals Board if he is in disagreement with the survey results or the procedures of the program.

If the owner fails to respond to the second notification, then a third notification will be mailed, again by certified mail, to the owner; and he will be allowed 10 days to respond. This notice will again apprise him of his right to appeal to the Housing Advisory and Appeals Board and will set a tentative date for an Office Hearing with the Chief of the Codes and Inspection Division and the Project Coordinator for the Neighborhood Rehabilitation Inspection Program to discuss the noncompliance.

At the Office Hearing, the owner will again be apprised of his right to appeal to the Housing Advisory and Appeals Board. The Chief of the Codes and Inspection Division and the Project Coordinator will attempt to establish a compliance agreement with the owner. Such an agreement will include a timetable in which the deficiencies will be abated. The Project Coordinator and the Chief will also review with the owner all the violations which are indicated in the property survey and review the purpose of the Neighborhood Rehabilitation Inspection Program. In the event the owner fails to appear for the Office Hearing or fails to comply with the agreement reached in the Office Hearing, a second Office Hearing will be established.

Before establishing the second Office Hearing, the Project Coordinator and/or Rehab Counselor will make several attempts to contact the owner and determine the reason for noncompliance. At the second Office Hearing, the owner will again be apprised of his rights to appeal to the Housing Advisory and Appeals Board. Staff will again review the concepts of the Neighborhood Rehabilitation Inspection Program, the property survey and the deficiencies indicated and the agreement for compliance established in the first Office Hearing. An assessment will be made by staff as to whether to give the owner an extension on the agreement or whether to refer the case to the Housing Advisory and Appeals Board. In the event the owner fails to respond to the second Office Hearing, the case will be referred to the Housing Advisory and Appeals Board.

The Housing Advisory and Appeals Board will review all cases of non-compliance and/or appeals and determine whether it should hold a public hearing on the property or whether the case should be referred to the District Attorney. If the Board decides to hold a public hearing, it will then request staff to prepare the notices of the public hearing and mail them by certified mail to the owner, trustees, beneficiaries, and other interested parties and also have a copy of the public hearing notice posted on the building concerned. At the public hearing, the Housing Advisory and Appeals Board will apprise the owner of his right to appeal to Council if he is not in agreement with the Board's



action. The Board will review the case and make a determination as to whether the deficiencies should be ordered to be abated or whether the case should be dismissed. In the event the Board has ordered the abatement of the property and the owner refuses to comply, the Board will order the Director of Housing and Development to cause the repairs to be made or refer the case to the District Attorney.

If the case is referred to the District Attorney, staff will request the District Attorney to hold a hearing on the property. At the hearing, the District Attorney will determine what the compliance schedule should be and will warn the owner that noncompliance will result in his arrest. The District Attorney will also have the option of dismissing the case. In the event the owner again fails to comply with the schedule established by the District Attorney, then the Director of Housing and Development will request that the District Attorney take further action with respect to the owner.

#### Additional Enforcement Tools Refinement

To aid the Housing and Development Department in refining the enforcement process, the Codes Review Task Force will be asked to make recommendations regarding revisions of ordinances so that there is uniformity in enforcement provisions which are similar, and so that obscure and vague language is deleted. Additionally, the Task Force will identify code provisions which act as an impediment to flexible code enforcement. Refining the Department's administrative authority to enforce the codes and recommending whatever revisions to the codes are necessary to provide this authority will be a major objective of the Task Force. In refining the Department's authority, the Task Force will review such mechanisms as

- Citation Plan - allows for citations to be issued to owners with properties in violation of the codes, similar to traffic tickets. The Philadelphia Citation Program will be studied for possible application in Berkeley.
- Inspection Warrants - provides inspectors access to survey properties when previously refused access by owner or tenant. Inspection warrants would be requested in those instances where there is reason to believe that the property or unit is in violation of the City codes and/or ordinances. Additionally, an affidavit certifying that consent to inspect the premises was sought and refused or establishing the reasons why consent was not sought would also be required. These tools will be studied for use in Berkeley.
- AB 475 - provides for the disallowance of interest, taxes, depreciation or amortization paid or incurred in the taxable year with respect to substandard rentals. Substandard housing as defined by this law means housing which (1) had been determined by a state or local government regulatory agency to violate state law or local codes dealing with health, safety, or building; and (2) after written notice of violation by the regulatory agency has not been brought to a condition of



compliance within six months after the date of the notice or the time prescribed in the notice, whichever period is later; or on which good faith efforts for compliance have not been commenced, as determined by the regulatory agency. It needs to be determined at what point in the compliance process a property will be referred to the Franchise Tax Board. Also procedures for utilizing this enforcement mechanism must be developed.

- Revocation of Certificate of Occupancy - Section 5 of Ordinance 4832-N.S. provides for the revocation of certificates of occupancy and makes unlawful the use of a building for residential rental or hotel purposes until a new certificate is issued. Prior to utilizing this tool, the Task Force will determine what enforcement procedures should be employed in revoking the certificate and whether the existence of certain deficiencies would constitute grounds for the automatic revocation of the certificate.

#### E. Hardship Criteria

In developing the hardship criteria for landlords and tenants, a review was made of Section 8 and Section 23 guidelines, relocation practices and Department of Labor standards. The proposed criteria allow flexibility to review cases on an individual basis while providing the necessary enforcement ability to have landlords comply to the code requirements without creating undue hardship. Upon notification to the staff that either the tenant or landlord is making an appeal as a hardship, all enforcement activities on the property will be suspended.

A landlord or tenant will make an appeal for hardship through the following procedure:

- A tenant or landlord requesting to be classified as a hardship case will submit a request to the Housing Advisory and Appeals Board (HAAB) at least ten (10) days before the meeting at which the appeal is to be considered. As part of the survey, tenants and landlords will be advised of their right to appeal.
- A tenant requesting to be considered a hardship must have applied for Section 8 prior to applying to the HAAB.
- The financial advisor will review the application of either a tenant or landlord requesting to be classified as a hardship and will make a recommendation to the HAAB.
- The Hardship Appeals Subcommittee of the HAAB will meet in Executive Session to review the cases and make a determination as to whether the tenant or landlord will be classified as a hardship.
- Landlords and tenants will be notified of the HAAB decision within ten (10) days of the hearing.

only  
how become  
what is B's  
share of Section 8?

has HAAB agreed to  
take on  
this  
responsibility  
what about  
the N.I.C.?





## Landlords - Hardship Category

In order to qualify for the hardship category, the owner must meet the following criteria:

1. Must be owner of record and must be an individual, a partnership or a non-profit organization; and
2. Cannot be the owner of record of more than two (2) rental properties with an aggregate of rental units not in excess of thirty (30); and
3. Must be low income according to the following:

Annual income after allowance<sup>1</sup> must not be in excess of the following:

<u>Family Size</u>	<u>Income</u>
1	\$5,400
2	6,100
3	6,600
4	7,100
5	7,600
6	8,100
7	8,500
8	8,900

More than eight persons, add \$200 for each additional person

Allowance - the applicant is to deduct from gross annual income \$300 for each dependent other than head of household or spouse.

4. Must be unable to obtain a Municipal Loan (this may occur when loans are not available or when the Loan Committee rejects the application); or
5. Must lack personal or individual resources sufficient to pay for repair of code violations; or
6. Must be unable to obtain a private loan due to inability to meet credit requirements or to service debt.

The HAAB will use the above as a guide for determining hardship but has the authority to consider other criteria on a case by case basis.

## Tenants - Hardship Category

In order to qualify for the hardship category, a tenant must meet the following criteria:

1. Must be paying in excess of 33%<sup>2</sup> of income in housing expense.

<sup>1</sup> Section 23 income limits for continued occupancy

<sup>2</sup> Department of Labor's housing expense to income ratio for urban households



This includes rent and utilities; and

2. Annual income after allowance<sup>3</sup> must not be in excess of the following:

<u>Family Size</u>	<u>Income</u>
1	\$5,400
2	6,100
3	6,600
4	7,100
5	7,600
6	8,100
7	8,500
8	8,900

*very low*

More than eight persons, add \$200 for each additional person.

Allowance = the applicant is to deduct from gross annual income \$300 for each dependent other than head of household or spouse

F. Related Services

Coordination with Section 8 Existing Program

The major objective for coordinating Section 8 existing program is to reduce the rent income ratios of tenants who are now paying more than 25% of their income for rent and who have annual incomes which qualify them for participation in the Section 8 program. The Housing Authority will be requested to set aside a block of its Section 8 allocation for implementation in conjunction with the Neighborhood Rehabilitation Inspection Program. Additionally, discussions with the Housing Authority have already begun on setting up a procedure between the Housing and Development Department and the Housing Authority for referral of applicants for qualification under Section 8. The Housing and Development Department will perform a preliminary screening to determine whether the applicant is eligible for Section 8 and will provide the Housing Authority with structure condition information. The information will be forwarded to the Housing Authority for certification and assignment to the block of Section 8 allocations designated for the Neighborhood Rehabilitation Inspection Program. *low much*

Coordination with Emergency Repair Fund

Emergency Repair funds will be used to correct emergency or immediately hazardous situations. In these instances, the project staff for the Neighborhood Rehab Inspection Project will handle all of the preparatory work required for obtaining an Emergency Repair loan. However, this will be coordinated with the Emergency Repair staff. The loan to correct all code conditions will include the amount of the Emergency Repair loan for reimbursement of the Emergency Repair fund once the Municipal Loan Panel approves the full loan under the NRIP.

<sup>3</sup> Section 23 income limits for continued occupancy





## Coordination with Relocation Services

Relocation assistance in the form of services and payments will be provided to persons displaced or temporarily relocated as a result of conservation activities. The staff of the Housing & Development Department and the Redevelopment Agency have begun to work out the policy regarding the assistance and payments to be provided as part of the project. Once the policy has been developed, it will be made available to the public. The minimum assistance which would be provided to households determined to be eligible would be

1. provide full relocation information to eligible persons at the earliest possible date and initiate a personal interview to determine the level of relocation assistance needed;
2. explain the availability of relocation payments and assistance and the eligibility requirement thereof;
3. explain the procedures required for obtaining such payments and assistance; and
4. provide continuing information regarding availability and prices of comparable sales and rental housing.

### G. Fee Analysis

In 1974, the former Inspection Services Department did a fee analysis of the entire building inspection fee schedule which, as approved by Council, increased all inspection fees. At the same time, a fee schedule was developed for the proposed Residential Rental Inspection Program. However, the proposed fee schedule only focused on the cost of the Department's building inspections and was designed to make only the inspection part of the program self-sustaining.

The fee schedule and analysis did not foresee the needs and supplemental services of future housing programs. These needs became evident when the City's Pilot Rehabilitation Program began to provide such services as: property surveys, exhibit "A" write-ups, homeowner counseling, financial interviews, preparation of loan packages, specification write-ups, design work, cost estimates, preparation of bid packages and construction contract monitoring. Therefore, the proposed fee schedule is inadequate to sustain the cost of today's level of program services.

It is recommended that the current fee schedule be used until a thorough analysis of total program costs can be completed. These program costs can include those mentioned above plus the administrative and overhead costs for the program. In either the latter stages of Phase I or the beginning of Phase II a new fee schedule can be instituted.

### H. Reporting

Semi-annual reports on the Neighborhood Rehabilitation Inspection Program's activities will be provided to Council and the Housing Advisory and Appeals Board. The reports will classify the information into



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no responsibility  
to actually  
accomplish  
relocation



three categories: 1) housing condition; 2) cost of repairs and financing; and 3) effects on households.

The housing condition category will include information on:

- the number of residential structures surveyed;
- numbers of rooms and dwelling units surveyed;
- number of surveyed structures classified into the one-year, three-year, and five-year inspection cycles;
- number of structures with the following violations cited;
  - a. immediately hazardous
  - b. incipiently hazardous
  - c. other code violations
- number of structures with the following violations cleared;
  - a. immediately hazardous
  - b. incipiently hazardous
  - c. other code violations
- number of structures involved in Office Hearings;
- number of structures referred to Housing Advisory and Appeals Board; and
- number of structures referred to District Attorney

The cost of repair and financing category will include information on:

- average cost of repair per structure;
- average cost of repair per dwelling unit;
- number and dollar total of municipal loans;
- estimated number and dollar total of private loans;
- average cost of repair per structure financed with municipal funds; and
- average cost of repair per structure financed with private funds

The effects on households will include information on:

- number of hardship appeals requested;
  - Tenant
  - Owner
- number of hardship exemptions granted;
  - Tenant
  - Owner

*Don't forget a letter a Ques.*

An attempt will also be made to obtain information on the effects of the program on rents. A questionnaire will be sent to tenants of all properties in the district requesting information on their rents at the beginning of the project. A follow-up questionnaire will be sent to the tenants of participating structures six months after the completion of the rehabilitation work and to all tenants in the district one year after beginning the project. The questionnaire will ascertain any changes in rents and will relate this to municipally financed and





privately financed work.\* Additionally, the Program Planning Division will develop an evaluation plan to determine the effectiveness of the major elements of the program and provide information on refining the program.

#### I. Ongoing Planning

While the NRIP is being implemented in the demonstration district, the project staff will also be performing sample interior and exterior surveys of properties in the other districts throughout the City. Data obtained from the sample surveys will be used to develop the district by district phase out plan for the Annual Inspection Program. The survey information will also be used to classify properties within the districts into reinspection cycles. Based on the information generated from the sample surveys and the experience of the NRIP, continuous refinement of the enforcement procedures, development of a fee schedule for RRIP, refinement of the reporting mechanism, and expansion and improvement of the support services will be occurring. This refinement process of the NRIP will provide a mechanism for the smooth transition into the RRIP.

#### III. Phase II of Action Plan: January, 1979 to December, 1980

Phase II will consist of the following activities:

- continuing the NRIP
- refining program approaches and procedures
- revising housing and technical codes to facilitate flexible enforcement
- identifying rental, single family, and duplex structures for inspection and categorization

#### IV. Phase III of Action Plan: January, 1981

Phase III will consist of setting in place a Citywide codes inspection and compliance system with mechanisms to mitigate rent increases, avoid causing financial hardship to owners or tenants as a result of code repairs, upgrade rental housing, and effectively achieve compliance by recalcitrant as well as cooperative owners for all residential rental structures.

\* Owners of properties receiving municipal loan funds will be required to provide information about the rents charged for the units. The tenants will be requested to verify this information; a follow-up will be made of both owner and tenants regarding changes in the rents both six months and one year after the completion of the rehabilitation work and enforcement of the rent increase provisions of the Deed of Trust securing the loan will be invoked, where necessary.



V. ATTACHMENTS





ORDINANCE NO. 4832 -N.S.

PROVIDING FOR PERIODIC INSPECTION OF RESIDENTIAL-RENTALS AND HOTELS AND THE PAYMENT OF HOUSING INSPECTION AND RECERTIFICATION FEES, AND REPEALING ORDINANCE NO. 3963-N.S. AND ALL ORDINANCES AMENDATORY THEREOF.

BE IT ORDAINED by the Council of the City of Berkeley as follows:

Section 1. OWNER OR HIS/HER REPRESENTATIVE TO RESIDE ON PREMISES.

A manager, janitor, housekeeper or other responsible person shall reside upon the premises and shall have charge of every apartment house in which there are sixteen (16) or more apartments, and of every hotel in which there are twelve (12) or more guest rooms, in the event that the owner of any such apartment house or hotel does not reside upon said premises. If the owner does not reside upon the premises of any apartment house in which there are more than four (4) but less than sixteen (16) apartments, a notice stating his/her name and address, or the name and address of his/her agent in charge of the apartment house, shall be posted in a conspicuous place on the premises.

Section 2. DESIGNATION OF PERIODIC INSPECTION DISTRICTS.

The Director of Housing and Development, or his/her designee, shall establish periodic inspection districts, subject to the approval of the City Council. At such time as established by the Director, or his/her designee, inspection districts shall be subject to the provisions of Sections 1 through 10.

Section 3. DEFINITIONS.

Residential-rental and hotel are defined as follows:

a. Residential-rental is any building, or portion thereof, which is rented, leased, let or hired out to be occupied for consideration, or which is occupied as the home of one (1) or more individuals, families or living groups, living independently of each other and doing their own cooking in said



building and for which building consideration is exchanged.

b. Hotel is any building containing six (6) or more rooms, which rooms are used, rented or hired out to be occupied. The term hotel shall include all fraternity houses, sorority houses, house clubs, student clubs and similar occupancies.

Section 4. PERIODIC INSPECTION OF RESIDENTIAL-RENTALS AND HOTELS.

Every residential-rental and hotel in the City of Berkeley, as established by Section 3, shall be inspected periodically by the Housing and Development Department. If no violations of applicable laws or ordinances are determined to exist, a certificate of occupancy shall be issued which shall be valid for any period up to but not exceeding five (5) years, unless sooner terminated by the Director of Housing and Development, or his/her designee, pursuant to Section 5. The owner, agent, manager, lessee or other person in charge thereof, and the occupant thereof, shall be notified of any violations of any applicable laws or ordinances.

Section 5. CORRECTION OF VIOLATIONS; REVOCATION OF CERTIFICATE OF OCCUPANCY.

All violations designated by the Housing and Development Department as hazards which pose a clear and present danger to human life, health or safety shall be corrected within such time as may be allowed by the Director of Housing and Development or his/her designee.

All other violations shall be likewise corrected excepting those violations in which correction or repair would create undue financial hardship on either the owner or the occupants, as determined by the Department of Housing and Development.

In the event that the required corrections are not made within such time or should the owner, agent, manager, lessee, or other person in charge



of any residential-rental or hotel, or any occupancy thereof, refuse to allow the Director of Housing and Development Department or a duly authorized representative to enter said residential-rental or hotel for the purpose of making the periodic inspection, the certificate of occupancy for such residential-rental or hotel shall be automatically revoked, and it shall be unlawful to allow such building to be used as a residential-rental or hotel until a new certificate of occupancy is issued.

In the event that during the period for which a valid certificate of occupancy has been issued for any residential rental or hotel, violations of applicable laws or ordinances within said residential-rental or hotel are designated by the Housing and Development Department, the owner, agent, manager, lessee, or other person in charge thereof, and the occupant(s) thereof shall be notified of such violations. In the event that said violations are not corrected in accordance with the provisions of this section, the Certificate of Occupancy shall be revoked by the Director of Housing and Development, or his/her designee.

Section 6. ANNUAL HOUSING INSPECTION FEE.

The owner, or the owner's agent, representative or lessee, of any building in the City of Berkeley which is occupied or used as a residential-rental or hotel shall pay an annual housing inspection fee, unless excepted under the provisions of Section 8 of this ordinance. Such fee shall be paid annually in advance at the office of the Director of Finance of the City of Berkeley, shall be due and payable on January 1 of each year, and shall be delinquent on January 31 next thereafter. If the payment of such fee is delinquent, a penalty of ten percent (10%) shall be paid in addition thereto.

Section 7. CREDITING OF FEES PAID.

Under Section 5 of Ordinance No. 3963-N.S., the annual housing





inspection fee was due and payable on January 1 of each year. If such fee was paid thereunder during a year in which the fee schedule in Section 9 first applies, the fees paid shall be credited to the fee due under Section 9.

Section 8. EXCEPTIONS TO PAYMENT OF FEE.

The annual housing inspection fee shall not be required where either of the following circumstances and conditions are determined to exist:

a. A building first occupied or used during the prior calendar year as a residential-rental or hotel, provided that such building has been inspected by the Housing and Development Department prior to such occupancy or use, and the required building inspection fees have been paid as required by the Uniform Building Code of the City of Berkeley; or

b. A building is recertified as provided for in Section 10.

Section 9. SCHEDULE OF FEES.

The housing inspection fee shall be established by the Director of Housing and Development or his/her designee, subject to the approval of the City Council. All fees so approved shall be kept on file in the office of the office of the City Clerk and shall be available for inspection.

Section 10. ANNUAL RECERTIFICATION; RECERTIFICATION FEE.

Residential-rentals and hotels receiving a certificate of occupancy in excess of one (1) year as provided in Section 4 shall be required to obtain an annual recertification of such occupancy no later than the anniversary date of the original issuance of a certificate of occupancy. The fee for such recertification shall be \$10.00 for all classes of buildings.

Section 11. Ordinance No. 3963-N.S. and all ordinances amendatory thereof are hereby repealed.

Section 12. Copies of this Bill are hereby ordered published by posting



with the vote thereon for two (2) days at the ten (10) prominent places in the City of Berkeley as designated by Ordinance No. 2032-N.S.

At a regular meeting of the Council of the City of Berkeley, held on the fourth day of November, 1975, this Bill was passed to print and ordered published by posting by the following vote:

Ayes: Councilmembers Davis, Dean, Denton, Hone, Ramsey, Rumford and President Widener.

Noes: None.

Absent: Councilmembers Hancock and Kelley.

ATTEST: EDYTHE CAMPBELL  
City Clerk and Clerk of the Council

In effect: December 11, 1975



ORDINANCE NO. 4833 -N.S.

AMENDING SECTIONS 5 AND 6 OF ORDINANCE NO. 4646-N.S. ENTITLED "ESTABLISHING MINIMUM STANDARDS GOVERNING THE CONDITION AND MAINTENANCE OF RESIDENTIAL BUILDINGS; ESTABLISHING MINIMUM STANDARDS ESSENTIAL TO MAKE RESIDENTIAL BUILDINGS SAFE, SANITARY, AND FIT FOR HUMAN HABITATION; PROVIDING FOR THE ENFORCEMENT THEREOF, AND PROVIDING PENALTIES FOR THE VIOLATION THEREOF; AND REPEALING ORDINANCE NO. 3909-N.S. AND ALL ORDINANCES AMENDATORY THEREOF."

BE IT ORDAINED by the Council of the City of Berkeley as follows:

Section 1. That Sections 5 and 6 of Ordinance No. 4646-N.S., as above entitled, are hereby amended to read as follows:

Section 5. HOUSING ADVISORY AND APPEALS BOARD.

That Section H-204 heretofore adopted as a part of the Uniform Building Code, Volume III Housing, is hereby amended to read as follows:

Section H-204. HOUSING ADVISORY AND APPEALS BOARD.

The Housing Advisory and Appeals Board shall consist of nine (9) members. Each City Councilperson shall appoint one (1) member. All members shall be residents of the City of Berkeley.

Section 6. DUTIES OF THE BOARD.

That Section H-204-1 heretofore adopted as a part of the Uniform Building Code, Volume III Housing, is hereby amended to read as follows:

Section H-204-1. DUTIES OF THE BOARD.

a. The Board shall hear and determine all matters respecting the abatement of substandard buildings pursuant to the provisions of Sections H-206.1 through H-206.5 of this code.

b. The Board shall serve as a general appeals board for tenants and landlords regarding the correction of code violations as provided in the ordinance providing for periodic inspection of residential-rentals and hotels.

c. The Board shall make recommendations to the Council defining hardship categories and shall hear appeals concerning the designation of the hardship category. The Board may grant time extensions for compliance in hardship cases excepting those violations which pose a clear and present danger to human life, health and safety.

d. The Board shall make recommendations to the City Council re-





commendations to the City Council regarding code enforcement priorities.

e. The Board shall monitor code enforcement procedures to ensure adherence to Council policies and shall make recommendations for changes in such procedures to the City Council.

Section 2. Copies of this Bill are hereby ordered published by posting with the vote thereon for two (2) days at the ten (10) prominent places in the City of Berkeley as designated by Ordinance No. 2032-N.S.

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Noes: None.

Absent: Councilmembers Hancock and Kelley.

ATTEST: EDYTHE CAMPBELL  
City Clerk and Clerk of the Council

In effect: December 11, 1975



NEIGHBORHOOD REHABILITATION INSPECTION  
MUNICIPAL LOAN GUIDELINES

In order to make possible the correction of code deficiencies found in rental units as a result of the Neighborhood Rehabilitation Inspection program, the City of Berkeley will grant loans to eligible applicants unable to secure needed home improvement funds through other sources. All such loans shall be approved by the Municipal Loan Panel in accordance with the guidelines herein set forth. The City Council may amend these guidelines from time to time as circumstances and availability of funds dictate. The Housing Advisory and Appeals Board will exercise its review and advisory role to the Council concerning such guideline changes.

A. Eligibility of Borrower

1. The borrower(s) must be the owner(s) of record and must be an individual, a partnership, or non profit corporation.
2. The borrower(s) shall not be the owner of record of more than two (2) properties with an aggregate of rental units not in excess of thirty (30).
3. The borrower(s) must be unable to secure funds from other sources, due to:
  - a. Lack of personal or individual resources to meet the cost of repairs, or inability to meet lending credit requirements.
  - b. Inability to service debt.
  - c. Low income.

B. Eligibility of Property Securing City Loan

1. The property must be located within the demonstration area.
2. The property must be in need of repair to cure hazards and/or code violations.
3. In determining the ability of any property to support a municipal loan some of the major consideration will be:
  - a. Current state of deterioration.
  - b. Current debt factors.
  - c. Economic life of the property.

C. Loan Interest Rates

1. Interest rates will be at the City's current borrowing rate plus a minimal 1% service charge.
2. No loan shall bear a prepayment penalty.



D. Loan Terms

1. Loan maturities shall be as short as possible within the ability of the applicant to repay with a maximum maturity of twenty (20) years. In case of extreme hardship involving elderly persons, the maximum maturity may be extended to thirty (30) years, except in no case shall the maximum loan term exceed four-fifths (4/5ths) of the estimated economic life of the property after rehabilitation.
2. A variety of repayment methods may be used tailored to the specific need of the applicant.

Examples of these methods include, but are not limited to the following:

a. Equal monthly payments to retire the loan.

*NOT appropriate for policy owners handling*  
b. Index payment loans. i.e. Payments computed according to the ability of the borrower to repay.

All loans will become due and payable when the property is sold or transferred with the following exceptions:

a. In the event of the death of one co-owner.

b. At the discretion of the Loan Panel, or in the event of the dissolution of the Loan Panel, the Director of Finance may make an exception in the event of the death of the owner(s) and title passes to a close relative who will reside on the property.

4. All loans will carry such information as will apprise owners of their rights upon foreclosure; however, every effort will be made to cure delinquency and all loan documents shall carry provision for modification.

*How long what happens in transfer of property?*  
5. It is the intention of the City of Berkeley to minimize rent increases resulting from rehabilitation. Owner-landlords shall agree that, upon receipt of a loan from the City of Berkeley, rents will not be increased more than the total cost of loan interest payments and any tax increases as a result of the rehabilitation. The owner-landlord will be advised that the tenants are to be notified of the conditions of the loan. Interest and tax increases attributable to the receipt of a loan will be prorated equally over the term of the loan.

6. The first payment on all loans will be due on the first day of the month after ninety days of the date of the contract and interest will accrue commencing on the first day of the month after sixty days of the date of the contract.

E. Maximum Loan Amount

1. The maximum loan amount shall be \$10,000 per unit, provided that the loan for any one property shall not exceed \$50,000.







2. Loans shall be limited to aggregate property debt not to exceed 100% of the assessor's fair market value or 90% of the rehabilitated appraised value based on a fee appraisal. Aggregate property debt is defined as any or all outstanding recorded debt instruments or charges against the property for which a loan has been requested.

F. Priorities

1. Municipal loans will be provided for only those owners of multi-unit structures who are unable to obtain financing for repairs from the private sector and who are willing to sign an agreement not to pass on in the form of rents or other charges more than the total cost of reasonable period and property tax increases as a result of the rehabilitation.

Priorities for allocation of loans will be as indicated below:

- rewarding  
the most  
negligent  
landlords*
- a. First priority will go to owners whose properties contain hazardous or incipiently hazardous violations;
  - b. Second priority will go to owner-occupants of multi-unit structures with code violations, but no hazardous conditions;
  - c. Third priority will go to absentee owners of structures with code violations who are willing to make no rent increases at all for at least one year, and subsequently only the increases attributable to the loan as indicated above;
  - d. Fourth priority will go to absentee owners of structures with code violations.

G. Procedures

1. The Housing and Development Department will develop a system of administration procedures in conformity with these criteria for review and approval by the City Manager.
2. The Housing Advisory and Appeals Board shall review the criteria by which demonstration districts are selected prior to implementation of the Neighborhood Rehabilitation Inspection Program.

H. Accounting

1. An accounting system shall be established to reflect:
  - a. The current status of loans.
  - b. The projected and earned interest income.
  - c. The current status of unexpended municipal loan funds.

I. Auditing

1. Periodic audits of the portfolio shall be conducted.

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